

ER 18-6 -8

S. J. D.

Honorable Chester Bowles
House of Representatives
Washington 25, D. C.

Dear Chet:

Many thanks for your note of December 3, enclosing a copy of the very thoughtful letter you sent to the President.

I read it with considerable interest and certainly appreciate your bringing it to my personal attention.

With every best wish for 1960.

Faithfully yours,

SIGNED

Allen W. Dulles
Director

O/DCI [redacted] rad 7 Jan 60

Distribution:

Orig & 1 - Addressee
✓ 1 - DCI
1 - DDCI
1 - FMC
1 - ER w/basic

(EXECUTIVE SECURITY FILE)

CHESTER BOWLES

2D DISTRICT, CONNECTICUT

COMMITTEE ON
FOREIGN AFFAIRS

Approved For Release 2002/10/30 : CIA-RDP80B01676R000900030086-8

Congress of the United States

House of Representatives

Washington, D. C.

12-967

December 29, 1959

Dear Allen:

I am enclosing a letter to the President on India. I do not think that I exaggerate the challenge.

Warmest regards,

Sincerely,

C. Bowles

Chester Bowles

enclosure

Honorable Allen W. Dulles
Director of Central Intelligence
2430 E Street, N.W.
Washington 25, D.C.

December 26, 1957

The President
The White House
Washington 25, D.C.

Dear Mr. President:

May I offer my heartfelt congratulations on the extraordinary success of your good will visit to Europe, North Africa, South Asia, and your recent trip to India.

My service as Ambassador in New Delhi left me with the profound conviction that the economic and political success of this remarkable nation is of vital and, perhaps, decisive importance to our own future. For this reason I hope you will not think it presumptuous of me to outline what I believe to be our urgent responsibility and great opportunity in that part of the world.

In formulating the following remarks on India, I do not intend by any means to disregard the important claims which several other areas demand legitimately here on our attention. But because of the gravitational pull which India exerts, the whole non-communist underdeveloped world has a direct stake in her orderly economic and political growth. If India's democratic efforts should fail, it will be almost impossible for others to succeed. If India succeeds it will be far more difficult for others to fail.

I am hopeful that as a direct result of your visit, we can now look forward to the major, sustained, coordinated program of economic aid to India which I and several others have been advocating for nearly a decade. If your Administration, working with our friends in Western Europe, will develop a suitable and adequate program to underwrite the capital requirements of India's First Five Year Plan (which starts on April 1, 1961), and if you, Mr. President, will throw your great pre-eminence and personal prestige behind that project, by presenting it to Congress and to the American people, I have no doubt whatever of its acceptance.

When I reported to you in May 1953, following my recuperation as Ambassador to India, I suggested that from the vantage point of my 2,400 A.D., inter-Hemisphere mission may appear to have been faced with three profoundly important decisions: one affecting Western Europe following World War II, another affecting China in the late 1940's and early 1950's, and a third affecting India in the 1950's and 1960's. I should like briefly to discuss these three opportunities for decision.

The challenge involving Western Europe was brilliantly met under the most difficult conceivable political conditions. In 1947 it was clear that Europe was facing the greatest economic, political, and security problem, that Communist pressure both direct and indirect was extremely powerful and likely to become even so, and that only through the massive application of American capital, technology and understanding could the necessary industrial reconstruction and moral regeneration take place.

Yet the practical political obstacles to such action were so great that it might have been persuasively argued that we were powerless to do what was required of us.

These were at least as high then as today. We were in the middle of an inevitable emotional reaction following the war and our national mood was hesitant about continued global involvement. Our government was politically divided with the Democrats in control of the Executive Branch and the Republicans in control of Congress.

Furthermore our total economic output was only about 50% of our pre-war output, the industrial goods needed for European recovery were in great surplus in our own country, and domestic prices were rising at the rate of 14% monthly which is the highest rate in our peacetime history.

In the face of these unprecedented internal difficulties the Administration then in office mustered both the insight to sense the gravity of the challenge and the courage to present the necessary bold course of action to the American people and to Congress.

As a result of responsible bipartisan support from the Congress, political understanding was rallied on a broad axis, the necessary appropriations and supporting legislation were voted through, and some of the ablest men in all political parties were brought into our government to administer together in Washington and in Europe.

This action, Mr. President, turned the tide of history. Europe was politically stabilized, rapid economic growth was assured, and the Communist tide receded. Today Western Europe stands again as a stronghold of human freedom and productive power.

In regard to the second challenge, that involving China, we failed miserably. It may be argued that developments in China were beyond our control, but they were certainly not beyond our influence. It is not that we deliberately decided against doing what was required of us. Instead we allowed the process of deviation to pass by one by one, and we lost our opportunity to influence the course of events. This was partly the result of apathy, partly because of

differences among us over what to do, but largely because China was unfamiliar and unfriendly. Consequently most of us, Republicans and Democrats alike, failed to understand the gravity and sweep of the challenge.

In any event as a result of this failure our generation and many other generations to come will find themselves confronted with a Communist China which carries enormous potentialities for aggression and war.

Just as the spirit for the success of the Marshall Plan belongs to the leaders of both parties, including yourself, so the blame for its failure also cuts across party lines.

We now face the crucial question: have we learned our lesson from the debacle in China, or must the cause of freedom suffer a similar and perhaps decisive disaster because once again we lack the insight and the courage to act?

I refer, of course, to the third of the three great decisions which I discussed with you in our last visit, six and one-half years ago. The central core of the challenge, as I said then, is the democratic stability and economic growth of India. It is now apparent that the decisive factor in this challenge will be the success or failure of India's Third Five Year Plan.

Between 1953 and 1956, our relations with India deteriorated immensely as a result of an insensitive diplomacy and a series of tactical blunders. More recently, our understanding of the requirements has increased and with it our effectiveness.

Although this improvement is most welcome, the fact remains that at present, as well as ever past, efforts have been totally inadequate. What we must hope for is that your recent visit will give us an opportunity for a fresh start and that your Administration will seize the opportunity for doing it.

India, as you have seen, is not simply "another nation", but a continent in itself. Her population is comparable to that of Europe, or to that of Africa and Latin America combined. Her natural resources are abundant. Her geographic position is crucial.

In addition to her great natural advantages, India possesses an extremely able Civil Service, a large number of competent technicians, a dedicated spirit of national service created through Gandhi, deeply rooted religious convictions which are philosophically opposed to Communism, considerable political independence, and unprecedented prestige with the other nations in Asia and Africa.

page 4 - The President - continued

If the Indian leaders, blessed with these advantages, succeed in developing their great country without resorting to totalitarian policies, the effect on the attitudes and aspirations of a half billion additional people in Africa, Latin America and Asia will be profound. India will then be in a position to provide a strong balance against Chinese Communism or expansion into South Asia.

Indeed, it is fair to say that for the long haul the only conceivable balance to Chinese power in Asia must come out of India. This is a major strategic factor which should not be lost sight of, especially when it is compared to some of our recent military aid programs in the Asian area, the value of which many of us seriously question as economically wasteful, militarily dubious, and politically unsafe.

If on the other hand the Indian experiment should fail, in spite of its initial advantages, the entire economic and political structure of India and Indonesia from Tokyo to Ankara might easily collapse in the space of a single decade. Similar effects in Latin America would be simply a matter of time.

Since Western Europe's long-term industrial growth is almost totally dependent upon raw material imports from Africa, Asia and Latin America, mounting pressures would quickly develop against our EEC alliance. The United States itself would be on its way to the precarious existence of an isolated garrison state in which the very freedoms which distinguish us from our totalitarian adversaries would be sacrificed in our frantic efforts at maximum military security.

Although this is an ominous picture, I do not believe it is impossible. Yet many of your advisers will almost certainly argue that the kind of sacrifice which is required to ensure the success of the Indian Third Five Plan is quite beyond our economic and political capacity, even if we are joined by other prosperous free nations.

They will point out that we are in an election year and that the Congress is of one party and the Executive branch of another.

They will say that if we take the bold economic action which some of us have been proposing for the past several years we will only add fuel to inflationary pressures.

But this is tantamount to saying that the United States of America, with nearly half the industrial production of the world and an annual gross national product of almost \$500 billion, cannot afford to jeopardize the results which may spell success or failure for the greatest experiment in democracy now in progress in Asia.

May I say that I earnestly hope that you will reject such negative counsel.

page 5 - The President - continues

If there ever was a time for bold, courageous, enlightened action of the kind we demonstrated in Western Europe it must be following. The time is now and the place is India.

The amount of money involved for a truly adequate program for India as well as for those other nations which are now genuinely and effectively able to use our assistance - is less than the annual appropriations of the Marshall Plan. Yet today our gross national product is double what it was then. Although inflationary pressures continue to be disturbing, they are only a fraction of what they were in 1947 and 1948. Although our government is now politically divided, it was also divided then. Although a Presidential election is approaching now, it was then too.

As you know, Senators Kennedy and Cooper, Congressmen Berney and I introduced resolutions in the Congress last session calling for a special mission from the major industrialized nations to India and South Asia to explore with the governments concerned their plans for economic development. We have been heartened by the recent announcement that such a mission has now been appointed under the auspices of the World Bank.

But I respectfully suggest that the basic decision should not be postponed awaiting the filing of the mission's report. The one bold stroke, which could give vital significance to the mission itself as it sets about its duties, is a clear cut decision by your Administration that the Indian Three Five Year Plan will not be allowed to fail for lack of foreign exchange. Once this decision has been made, consultations with the Indian government can take the added meaning they deserve. This program could then at the appropriate time be presented to the American people over television, and radio as well as through background press conferences, briefing sessions and the other usual means available for reaching the public on an issue of this magnitude.

With the background of public support which I am confident you and personally possess, I have no doubt that you will find a ready response in the Congress. Although I would not presume to speak for the leaders of my own party, I would be surprised indeed if the Democratic candidate for the Presidency would not be among the first to support the program to help realize India's economic and political screws which I have suggested to you in this letter.

I am writing to you in this frank and outspoken way only because I deeply feel that you as our President and we on Capitol Hill, whether we like it or not, are facing one of the greatest opportunities of this century for historic leadership. I also believe that we are rapidly running out of time and that the train of consequences which could flow from continued inaction could plague us for generations.

7VH 13 / My final decision, Mr. President, can be made only by you. I earnestly and respectfully urge you to make it.

I sincerely yours

12-1611

3 January 1960

MR. DULLES:

The following is for information only.

Mr. Bowles in the attached letter to the President is underscoring the importance of the U. S. and Western countries developing a realistic program to underwrite the capital requirements of India's third five-year plan which begins in April 1961. He urges the President to personally master this task with the Congress because he warns we are running out of time "and the consequence of not doing it could plague us for generations".

Bowles cites the effectiveness of the Marshall Program in 1947 for Europe as evidence of what this Nation can do, and reminds that there was considerable doubt at that time as to our financial ability to appropriately support Europe. On the other hand, he cites China as a "debacle". He stresses the importance of aggressively and with courage moving on the Indian problem and states that the money requirement is less than the annual appropriation for the Marshall Plan and that when today our gross national product is double that of 1947, there is little reason why the U. S. cannot afford to take adequate steps to do the job.

JMC
gjz

(E) 100-11111-1

25X1

log and file

Approved For Release 2002/10/30 : CIA-RDP80B01676R000900030086-8

UNCLASSIFIED	CONFIDENTIAL	SECRET
--------------	--------------	--------

**CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP**

TO	NAME AND ADDRESS	INITIALS	DATE
1	Chief, NE - [redacted]	USY	12 JAN 1960
2	EO/DCI	JSE/blp	1/13/60
3	ER - file		
4			
5			
6			
	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE

Remarks:

To read and return here for file.

JSE

FOLD HERE TO RETURN TO SENDER

FROM: NAME ADDRESS AND PHONE NO.	DATE
EO/DCI/ [redacted] blp	11 Jan 60

Approved For Release 2002/10/30 : CIA-RDP80B01676R000900030086-8

UNCLASSIFIED	CONFIDENTIAL	SECRET
--------------	--------------	--------

25X1

STAT